

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6005

BILL NUMBER: HB 1359

NOTE PREPARED: Nov 16, 2003

BILL AMENDED:

SUBJECT: Motorized Farm Vehicles.

FIRST AUTHOR: Rep. Van Haaften

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill changes the defined term "implement of husbandry" to "implement of agriculture". It redefines the term "farm tractor" for purposes of the motor vehicle code. The bill repeals the definitions of "farm machinery", "farm tractor used in transportation", and "special farm machinery", and repeals references to those terms within the motor vehicle code. It deletes an obsolete reference to a financing statement for a farm tractor. The bill repeals the license fee for certain vehicles used in farming operations.

Effective Date: July 1, 2004.

Explanation of State Expenditures: In plate years after 2003, there will be a manufacturing cost savings since these plates will no longer be produced. The first year that the manufacturing cost savings will be seen is in 2007. The savings is estimated at \$57,000 (15,000 x \$3.80 each). The fund affected is the Motor Vehicle Highway Account for the BMV and the PEN Products Revolving Account. PEN Products is the manufacturing and sales arm of prison-made products.

Explanation of State Revenues: *Summary of Revenue Loss:* This bill will result in an annual revenue loss estimated at \$1,287,328, consisting of \$905,174 in lost registration fees and \$382,154 in lost motor fuel tax revenue.

Background Information: This bill removes the registration requirements for all vehicles currently plated as Special Machinery and tender trucks. (In CY 2002, there were 13,346 special machinery (farm vehicles) vehicles registered in the state.) The proposal also defines what is an implement of agriculture. Tender trucks, vehicles that transport or deliver crop inputs, including seed and fertilizers, would be defined as an implement of agriculture and, therefore, exempt from vehicle registration.

This change in definition would go beyond just tender trucks and include any vehicle associated with farming operations. This fiscal estimate is based on the number of Special Machinery vehicles and tender trucks. According to the Indiana Plant Food and Agricultural Chemicals Association (IPFACA), there are an estimated 920 tender trucks in the state, perhaps more. The Bureau of Motor Vehicles is attempting to identify the specific number of these vehicles. Because the tender trucks are more efficient carrying a larger load, it is assumed that these vehicles are currently plated as a Truck 54,000 lbs. at a registration fee of \$739.75 and with \$313 in Commercial Excise Tax. The BMV also is allowed to charge \$1.15 for each vehicle subject to excise tax. The annual registration fee for Special Machinery is \$16.75 per vehicle. If these vehicles (920 tender trucks and 13,346 Special Machinery vehicles) are not registered, the state will lose revenue of \$905,173, as well as a loss of \$287,960 in county taxes.

The revenue loss for the state will affect the following funds:

Motor Vehicle Highway Account	\$559,957.50
Primary Road and Street Account	88,301.60
Local Road and Street Account	72,238.40
State Police Building Fund	3,566.50
Crossroads 2000	83,756.00
Anti-Terrorism Account	17,832.50
Technology Fund	7,133.00
<u>BMVC* Operating</u>	<u>72,388.00</u>
Total State Revenue Loss	\$905,173.50
<u>County Taxes</u>	<u>\$287,960.00</u>
Total Revenue Loss	\$1,193,133.50

*Bureau of Motor Vehicles Commission.

In addition, under this proposal, these vehicles would no longer be required to pay the fuel use tax. The Department of Revenue estimates that this provision would result in an annual revenue loss of \$382,154. This is based on 920 tender trucks traveling 10,000 miles per year at 6.5 miles per gallon. The tax rate is \$0.27 per gallon. The fund affected is the State Highway Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues: See *Explanation of State Revenues* for estimated county revenue loss.

State Agencies Affected: Bureau of Motor Vehicles; Department of Transportation; State Police; and the Department of Revenue.

Local Agencies Affected: Recipients of the above-listed funds.

Information Sources: Jane Morrical, Director of Treasury, Bureau of Motor Vehicles, 232-2822 BMV Annual County Count of Motor Vehicles; Jim Poe, Director of Vehicle Services of the Department of Revenue, 615-7201; Major John Hill, Commander of Motor Carrier Enforcement, State Police, 615-7419; Cress Hizer, CEO of the Indiana Plant Food and Agricultural Chemicals Association, (IPFACA), 684-5437.

Fiscal Analyst: James Sperlik, 317-232-9866.